Plaintiff's Exhibit 1558

7843 MEDICAL AND RELATED SERVICES

on a

BUDGET PLAN

for

EMPLOYED GROUPS
IN OREGON

Information for Employers and Employees

Available through the Medical Service Bureaus of Oregon, Approved by and Affiliated with the Oregon State Medical Society.

7845 Prepaid Medical Service
Under Professional
Organization and Direction

The Approved Medical Service Bureaus of Oregon, the services of which are described herein, are organized and operated solely by members of the medical profession in various localities of the state. These bureaus make available the service of the physician of the subscriber's choice through an organization of the local medical profession. The two most vitally concerned parties are in direct contact—the patient who expects, and should receive, unfailing personal interest and individualized medical service—and the physician who has the reputation of both himself and his own bureau to uphold.

Purpose of These Medical
Service Bureaus

The purpose of these bureaus, ten of which are now in operation in Oregon, serving sixteen counties, is to provide prepaid medical service at a modest cost to
7846 groups of low-wage employees in industrial and commercial fields. For a stipulated monthly fee, medical, surgical, ambulance and hospital services are available to subscribers in case of illness or accident.

Where These Bureaus Operate

Following is a list of these bureaus, their locations and the surrounding areas served.

EUGENE . . .

Eugene Hospital and Clinic
1162 Willamette Street
Pacific Hospital Association
Miner Building
These bureaus serve Lane County.

KLAMATH FALLS . . .

Klamath Medical Service Bureau
355 East Main Street
This bureau serves Klamath County.

LA GRANDE . . .

Union County Medical Service Bureau
This bureau serves Union County.

MARSHFIELD . . .

Coos Bay Hospital Association
416 Hall Building
This bureau serves a part of Coos County and a part of Douglas County on the Coast.

7847 *MEDFORD . . .*

Southern Oregon Medical Service Association
Medford Center Building
This bureau serves Jackson County.

OREGON CITY . . .

Association of Clackamas County Physicians
Barclay Building
This bureau serves Clackamas County.

PORTLAND . . .

Multnomah Medical Service Bureau
337 Pittock Block
This bureau serves Multnomah, Washington, Columbia, Hood River, and Wasco Counties.

SALEM . . .

Physicians and Surgeons Hospital Association
190 South Liberty Street
This bureau serves Marion, Yamhill, and Linn Counties.

TILLAMOOK . . .

Tillamook Hospital Association
This bureau serves Tillamook County.

NOTE: Plans are under way to extend similar prepaid medical service to a number of other counties in Oregon through the organization of additional local medical service bureaus or through existing bureaus.

7848 *Serving on Non-Profit Basis*

The monthly fee (or premium) of the subscriber is kept at the lowest possible amount consistent with the service which experience over a number of years shows will be required. With the exception of modest administration costs of the bureaus, fees go to provide medical, surgical, ambulance and hospital services.

Groups Eligible for Service

Groups of employees in the low-income brackets are eligible to subscribe for this prepaid medical service, if such employment is within the area served by any of these medical service bureaus.

How to Apply for the Service

Through either the employer or any member of the employed group, application may be made to the medical service bureau in the particular locality, and blanks secured for subscription. When the proper blanks have been filled out and approved by the Bureau, the monthly fee is payable and medical service is then available.

7849 *Approved by the Oregon State Medical Society*

While the ten medical service bureaus in Oregon are formed and operated as distinct organizations in their respective districts, the underlying pattern of service afforded by each is the same, and behind all are the principles of performance formulated by the Oregon State Medical Society, under the complete approval of which these bureaus operate.

Statement of Principle
by the Oregon State Medical Society

"The Principles of Ethics of this Society were conceived in a spirit of public welfare and service.

The practical application of the Golden Rule has been fostered in the relationships existing between doctor and patient and among the physicians. It is unprofessional and contrary to the public welfare for a physician to dispose of his services under conditions which make it impossible to render proper service to his patient.

"In considering special plans to meet the needs of particular groups of our people, the Society observes these and other fundamental and ethical principles. For example, no third person is permitted to come between the patient and his physician and dictate less extensive diagnosis and treatment than the physician believes is in the best interest of the patient. Moreover, the patient's right to choose his physician and hospital is respected."

7850 **Principal Factors Governing the Relationship Between a Bureau and Subscriber**

1. Non-profit service by physicians who are compensated only after all other expenses are paid.
2. Subscriber can budget the cost of medical and surgical services according to a known fee or premium.
3. Subscriber makes choice of his own physician from members of bureau in his locality. (The majority of physicians in each locality are members.)
4. Subscriber gains individual patient-physician interest and attention.
5. Subscriber obtains benefits of scientific medical care at a modest cost.

7851 6. Medical service provided under direct supervision of medical profession.

7. Service retains desired confidential relationship as between a patient and his "family physician."
8. Eligibility to service based on: (a) income not to exceed limit fixed by bureaus as being below the "comfort" level or standard; (b) a group of employees who are eligible to, and do subscribe for the service; (c) ex-

istence of a bureau serving the district in which applicants work.

9. Cost of service paid by subscriber is approximately $2.00 per month, although there is some variation in the fee, depending upon the kinds of service offered.

7852 How Many Now Being Served?

At the beginning of 1940, 30,000 employees, representing hundreds of industries in Oregon, were enrolled as subscribers to this prepaid medical service. In performing the service, many hundreds of physicians in this state are engaged.

History of Approved Medical Service Bureaus

Oregon's first approved medical service bureau organized by physicians and surgeons to provide prepaid medical, surgical and hospital care to low-wage industrial and commercial groups was organized in Salem in 1931. This organization was so successful in bringing to low-income employees the services of the physicians of their choice that similar medical service bureaus have been organized in many parts of the state. (Refer to list on pages Four and Five.)

Plaintiff's Exhibit 1559

7858 THE
OREGON PHYSICIAN

(Emblem)

May 1944

PUBLISHED BY OREGON PHYSICIANS' SERVICE
SPONSORED AND APPROVED
BY THE OREGON STATE MEDICAL SOCIETY

7859 MEDICINE'S CRITICAL YEAR?

OREGON STATE MEDICAL SOCIETY

• • • • •

fensive. American medical science is the peer of any in the world, and it remains only for us to bring our relations to the public up to this same high standard.

It is easy to forget that the public knows nothing of us except as it encounters us in illness. It never sees the years of grinding research, the fatigue of conscientious physicians, the struggles of medical societies with economic problems. It knows only that we can now provide technical aids beyond the quick command of the modest purse. It is conscious only that it needs a way to participate in all these benefits and a way to spread the cost over time and population.

We in Oregon have taken a first long step in this direction. The Oregon Physicians' Service is our mechanism for providing the best in medicine on an insurance plan of payment. If we will only stand together, have faith in our fellow-practitioners and in our calling, we can not only prove and expand our own plan for meeting social needs, but we can eradicate evils that have existed here for many years. At the same time we can meet the need for decisive action, for leadership and strength, in our profession.

(Emblem)

7860 (Illustration)

(Legend)
Keel Laying of Victory Ship at Large Shipyard in Portland Area. Many Thousands of War Workers are Receiving Medical and Hospital Service Through the O. P. S. Plan.

7861

O.P.S. SERVICE TO WAR INDUSTRIES

PORTLAND AREA

The population of Portland, according to the best available estimates, has increased from 300,000 to approximately 450,000—fifty per cent, since January 1, 1942. Outlying districts of the metropolitan area also have grown notably. These increases have been occasioned by the rapid development of war industries.

In this rapid expansion of population and industry there was created an emergency for organized medicine to provide medical and hospital care on a prepaid basis.

SHIPYARDS

Oregon Physicians' Service in 1942 and 1943 found it necessary to devote a large part of its energy and its personnel to this emergency situation. Contract Nnmber 1 was

written with Oregon Shipbuilding Corporation, effective in June, 1942. Contract Number 2 followed shortly thereafter, and was written with Kaiser Company, Inc. (Swan Island Shipyard). Inasmuch as both of these shipyards expanded personnel to a sizable degree in 1942 and 1943, O.P.S. medical service likewise expanded until it covered some 45,000 workers in these two yards.

Arrangements were effected whereby a staff of approximately 125 persons, including physicians, nurses, first aid attendants, and other personnel, have continuously rendered first aid services not only for O.P.S. subscribers in sickness and non-industrial accident cases but also for workers suffering industrial injuries subject to the Workmen's Compensation Law. An average of 25,000 first aid cases per month are furnished with first aid services at the Oregon Shipbuilding Corporation's First Aid Hospital Unit alone.

At the request of Kaiser Company and Oregon Shipbuilding corporation officials, O.P.S. assumed full responsibility

(Illustration)

(Legend)

Thousands of O.P.S. subscribers in the Kaiser Shipyards receive first aid services from a large staff of attendants.

7862 for both medical and hospital coverage at these shipyards effective December 12, 1943, and this expanded service is in full operation. O.P.S. subscribers working at these shipyards commute to work from their homes located in at least nine Northwestern Oregon counties, in addition to several counties of Southwestern Washington, and it has been noted that these subscribers obtain required services from O.P.S. cooperating physicians and other service affiliates located at many points throughout the entire area.

Other major war industries served by O.P.S. in the Portland metropolitan area include Willamette Iron and Steel Corporation, Columbia Aircraft Industries, and Gunderson Brothers. Numerous other essential organizations in the transportation, manufacturing and general business field are being served.

SERVICES TO ESSENTIAL INDUSTRIES IN MANY SECTIONS OF OREGON

While the concentration of war industries in Portland has emphasized the activities of O. P. S. in the metropolitan

area, service to essential business has reached most sections of the state.

NORTHWESTERN

In the northwestern section of Oregon, O. P. S. contracts are in effect in numerous important lumber and logging operations, in fish packing industries, and cooperative associations and in many other types of businesses characteristic of this region.

WEST CENTRAL

Throughout the west central area of the state, O. P. S. now provides medical and hospital coverage to many thousands of workers engaged in industries either directly or indirectly essential to the war effort as well as in numerous businesses of other types. Quite a sizable number of O. P. S. subscribers in several sections of the state have been covered by O. P. S. and its predecessor organizations for continuous periods ranging up to as long as thirteen or fourteen years.

SOUTHERN

In southern Oregon, O. P. S. has assumed medical and hospital care in lumber and mining operations and in various other fields of industry.

EASTERN

In the eastern Oregon section contracts now cover numerous industrial operations, although the start of
7863 O. P. S. development in this area has been comparatively recent. In addition to the customary coverage of industrial groups, an experimental plan has been under way for some time in one limited section of eastern Oregon. This plan, undertaken by the specific request of cooperating physicians in one area and under an agreement with the Farm Security Administration, provides medical and hospital care to families eligible for standard loans under the F. S. A. program in the Snake River Valley.

RURAL COVERAGE

This experimental rural coverage was first written for an annual rate that experience proved to be inadequate. In 1943 the rate was increased in an attempt to provide sufficient funds to compensate participating physicians more adequately in connection with this experimental farm

coverage. The future of this farm coverage is uncertain, and O. P. S. has made no attempt to encourage an enlargement of the plan to other sections of the state at this time.

SERVICES FOR STATE-WIDE CONTRACTS

At the present time, Oregon Physicians' Service holds a number of contracts with organizations which maintain employes in numerous sections of the state. This list includes transportation companies, distribution enterprises, sizable industries maintaining operations in several locations and other types of organizations. Numerous employes in various departments of the Federal and State Governments are covered by O. P. S. at many points, as well as employes of counties and cities. An arrangement currently in effect with an organization of state employes provides that employes in all state departments, with certain limitations, may obtain O. P. S. coverage in any section of Oregon. Cooperating physicians, dentists, hospitals and other service affiliates in every city and town in the state have shown a willingness to make this state-wide type of coverage a workable and acceptable plan.

SERVICES FOR NON-WAR BUSINESSES

For the duration the necessity of furnishing medical and hospital services for war workers naturally has been predominant. However, O. P. S. has made every effort to provide services for groups of workers in non-war-connected organizations as well. Many of these workers in non-war organizations have not experienced income increases to the same extent as that encountered in war industries, with the result that these workers are especially deserving of consideration under a medical and hospital service plan provided at modest rates. O. P. S. coverage now is represented widely in practically all types of business currently existing in the state of Oregon.

7864 ORIGIN AND DEVELOPMENT OF OREGON PHYSICIANS SERVICE

(Emblem)

Oregon Physicians' Service is the united effort of the great majority of the Oregon medical profession to provide a workable medical and hospital plan for the care of industrial workers. O. P. S. is state-wide in scope, operating in all areas either directly or in active cooperation with approved local medical service bureaus. Although

the organization is only in its second year of operation, O. P. S. and its affiliated local medical service bureaus now are serving approximately two out of every three workers in Oregon who hold prepaid medical and hospital protection.

O. P. S. is young as organizations go, although numerous current subscribers to the Service have been covered continuously by O. P. S. and its predecessor organizations for as long as fourteen years. On the other hand, prepaid medical and hospital coverage has been provided in various ways for groups of employed persons for as long as 45 years in certain sections of Oregon.

The original impetus for prepaid service in the state arose in connection with the need that existed in numerous isolated lumber and logging communities. In many instances physicians were influenced to locate in such communities through the offering by employers of medical contract privileges.

GROWTH

During the past 20 to 25 years the development of prepaid medical and hospital coverage has become rather widespread in Oregon. In the last 15 years, physician-cooperative organizations, offering the widest available choice of doctors and other advantages, gradually have played a prominent part in the medical coverage program.

Up until three years ago, operations of the physician-cooperative organizations have been confined mainly to the western one-third of the state, where eleven doctor-owned localized or sectionalized medical service organizations have been functioning. The centers of activities of these organizations have been located in Portland, Oregon City, Salem, Eugene, Marshfield, Coquille, Myrtle Point, Medford, Klamath Falls, and Lakeview. All of these doctor-owned organizations have confined their activities largely to the individual counties in which central offices
7865 have been located, with the exception of the Portland and Salem groups which operated in the several counties located conveniently to their central offices.

In order to extend the benefits of a prepaid medical and hospital program to all sections of the state, strong action was taken in 1941 by leading figures in the Oregon medical profession.

Oregon Physicians' Service was established through appropriation of required initial funds by the Oregon State Medical Society. Additional capital has been provided as

required through stockholdings held by cooperating physicians in various sections of the state.

EQUAL REPRESENTATION

The structure of Oregon Physicians' Service is such that all sections of the state have reasonable amounts of influence in the operation of the organization. No single section of Oregon or combination of sections will be in a position to control Oregon Physicians' Service at any time. Only a majority of representatives of all sections can influence O. P. S. policy.

The destinies of Oregon Physicians' Service have been placed in the hands of eleven physician trustees elected from all major areas of Oregon, with not more than one trustee from any single county. These trustees function under a ten-year Voting Trust Agreement, which is renewable each ten years thereafter.

TRUSTEES

The eleven physician trustees are: Roderic Belknap, Ontario; J. P. Brennan, Pendleton; Thompson Coberth, The Dalles; Gordon B. Leitch, Portland; L. M. Spalding, Astoria; D. R. Ross, Salem; Henry Garnjobst, Corvallis; George I. Hurley, Eugene; J. D. Rankin, Coquille; C. I. Drummond, Medford; R. W. Stearns, Klamath Falls.

DIRECTORS

A Board of Directors has been selected from among the trustees for the purpose of directing the affairs of Oregon Physicians' Service. They are: President D. R. Ross, Salem; Vice-President Thompson Coberth, The Dalles; Secretary L. M. Spalding, Astoria; Treasurer George I. Hurley, Eugene. The administration and public relations of Oregon Physicians' Service are in the hands of lay business managers who have had considerable experience in the operation of medical and hospital service plans in several sections of Oregon.

7866

(Illustration)

(Legend)

ONE HUNDRED AND THIRTY-SIX BED HOSPITAL RECENTLY COMPLETED FOR THE SERVING OF VANPORT CITY RESIDENTS.

OPERATION OF VANPORT CITY HOSPITAL

The huge expansion of shipyard facilities for the emergency and the resulting increase in civilian population in

Portland have created special problems in the medical and hospital field. One such problem is Vanport City, a Federal Public Housing Project adjacent to Portland, with a population of close to 35,000 men, women and children.

At the request of the Housing Authority, O. P. S. in 1943 took over operation of the Vanport City Hospital, which was contructed by the Federal Government for the care of the large influx of population into the project. Through long continued efforts of the Multnomah County Medical Society and Oregon Physicians' Service, a number of physicians have been encouraged to locate in the Vanport City area such that needed medical care could be provided to this sizable new population on a private practice basis. Organization of the hospital staff was accomplished in accordance with the rules and regulations of the American College of Surgeons, and physicians located both in the metropolitan area and in Vanport City have cooperated in making the staff arrangement function.

The hospital was opened on a limited scale August 1, 1943, and is now in practically full service. Although the hospital building is temporary in nature, facilities and equipment have been made as efficient as possible under war-time restrictions. The hospital has 136 beds and provides facilities for medical, surgical and maternity cases.

7867

In charge for O. P. S. as Manager of the Vanport City Hospital is Mr. William H. Linhoff, who has enjoyed some nine years of experience in the hospital management field. The hospital staff includes 36 physicians and surgeons and employed professional personnel numbering approximately 100.

Hospital services are provided to residents of Vanport City on a private basis at rates compatible with those currently being utilized by other existing hospitals located in the Portland metropolitan area. Medical services in Vanport City are furnished on a private practice basis by physicians residing in the project and by other physicians located in numerous sections of the metropolitan area.

THREE-STATE CONFERENCE

Indicative of the growing unity of purpose of Pacific Coast physicians in furthering prepaid medical service for industrial workers is the recently organized Pacific Coast Conference of executives of medical service groups approved local medical service bureaus of Oregon.

At the suggestion of several interested parties, officials of California Physicians' Service and of the approved medical service bureaus of Washington met in Portland last November with representatives of O. P. S. and the approved local medical service bureaus of Oregon.

Among problems discussed were the development of hospital facilities in defense areas and the rendering of medical and hospital services in war housing sections. Some 108,000 persons in Oregon, 125,000 in California, and 145,000 in Washington are being served by the approved medical service groups.

Willard C. Marshall, General Manager of O. P. S., was elected First Chairman of the conference group. Don Bruns, Wenatchee, Washington, Manager of the Chelan County Medical Service Bureau, was elected Secretary. Brian M. Kelly, San Francisco, Assistant Director of California Physicians' Service, and John Steen, Olympia, Manager of the Washington Medical Service Bureau, were elected to the executive committee.

The next meeting of this conference is scheduled for Seattle. While in Seattle the conferees will inspect the rapidly rising Doctors' Hospital, which is owned by the King County Medical Service Bureau and which is expected to start operation in the near future under the Bureau's management. A meeting of the conference will be held in San Francisco during the latter part of 1944.

7870 **** NEWS NOTES ****

Additional Copies Available

A limited number of additional copies of "The Oregon Physician" will be available for distribution. Copies will be mailed to interested parties upon receipt of names and addresses at any O. P. S. office.

O. P. S. Loses—Merchant Marine Gains

Warren A. Fanning, Service Executive employed during the past one and one-half years by Oregon Physicians' Service and its predecessor organization, Physicians and Surgeons Hospital Association, is entering the U. S. Maritime Service shortly. It is hoped that he will return to the O. P. S. staff after the war.

O. P. S. Insignia Widely Used

Several hundred office door decalcomanias and reception desk cards now are being widely used by physicians in vari-

ous sections of the state in advising the public that they are cooperating with O. P. S. Descriptive folders and O. P. S. lists also are being used widely and numerous requests for additional supplies have been received.

Important Addition to Staff

Mr. and Mrs. J. M. Burns are celebrating the arrival of a son and heir on March 18. "Jake" is Executive Assistant operating from the Portland office.

PREPAID MEDICINE IN HAWAII

From Medical Care, November 1943

Many Oregon physicians and surgeons in military service are stationed in Hawaii and in the South Pacific, hence this article from *Medical Care* will be of more than ordinary interest.

"The Hawaii Medical Service Association, a prepayment plan for medical and hospital service, has completed its fifth year. This plan is a non-profit organization in Honolulu whose major policies are worked out by a board of eighteen composed of six doctors selected by the Honolulu County Medical Society, six members of the association, and six business representatives selected by the membership. The entire Honolulu County Medical Society and the local hospitals participate in the plan. The plan started in 1938 with six hundred members and now has 5,600. Nearly 2,000 are civilians working at Pearl Harbor and living in Civilian Housing Area Number 3 who came to Hawaii for defense work. Immediately following December 7, 1941, the plan suffered some loss of membership due to transfer of personnel into the war effort, but in recent months it has steadily increased."

7871 YEAR OF GROWTH . . .

June 30, 1943, marked the close of the first full fiscal year of operation for O. P. S., although statutory reports filed with the State Insurance Commissioner during the past two months covered the calendar year ending December 31, 1943.

Growth was sizable and rapid. During the year the Southern Oregon Medical Service Association of Medford and the Physicians and Surgeons Hospital Association of Salem were merged into Oregon Physicians' Service. Amalgamation of the Multnomah Medical Service Bureau of Portland now is completed. Cooperation between O. P. S.

and physicians throughout Oregon has been outstanding. Approved local medical service bureaus have cooperated very well with O. P. S.

The total number of persons under coverage by O. P. S. at the end of December, 1943, was approximately 86,000 with an additional 22,000 covered by its affiliates, making a total of about 108,000 under coverage directly supervised by organized medicine out of a total prepaid coverage in Oregon estimated to be some 155,000 people.

The cooperating physicians on the staff of O. P. S. currently number 678 in active civilian practice throughout Oregon. An additional 173 cooperating O. P. S. physicians are now in military service. The total of 678 represent more than ninety per cent of the active membership of the Oregon State Medical Society and more than eighty per cent of all licensed medical physicians in Oregon. In addition to the active list in Oregon, numerous physicians elsewhere cooperate with O. P. S., particularly along the southern border of Washington and the western border of Idaho. Reciprocal arrangements are in effect whereby services readily are available to O. P. S. subscribers in Washington and California through arrangements in effect with affiliated organizations in those states.

Graphic illustration of proportion

Oregon industrial workers with prepaid medical and hospital coverage—estimated at 155,000

Graphic illustration of proportion

. . . of which 108,000 (2 out of 3) are covered by Oregon Physicians' Service and affiliated approved local medical service bureaus.

7872 • • • • •

Plaintiff's Exhibit 1562

7873 OREGON PHYSICIANS' SERVICE

Schedule of Fees Effective April 1, 1946

This schedule applies to all cases billed to O.P.S. under the following programs:

1. O.P.S. Employe coverage contracts
2. O.P.S. Family coverage contracts
3. Veterans' Medical care contract

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Items not on schedule should be reported in full with request to fix fees.

Flat Fees Including After Care

When two or more flat fees are involved and treatment or surgery is concurrent, the fee will be the major fee plus 50% of schedule fee for each additional procedure. (Does not apply to prophylactic surgery)

Unusual Cases

In unusual cases requiring extended daily visits, or in cases with unusual complications, a special report should accompany statement in order that regular fee may be adjusted on an equitable basis.

7874 VETERANS ADMINISTRATION FEES

Effective April 1, 1946

** ** ** **

Code Number		
	Visits 001-025	
001	First office visit, report, and treatment including routine physical exam	3.75
002	Office visit—subsequent	2.70
005	First home visit	5.35
006	Home—subsequent	4.30
008	First Hospital visit	4.30
009	Hospital—subsequent	2.70
011	Emergency night visit—8 P.M. to 8 A.M.—Sundays and holidays	6.40
012	Consultation including written report	10.70
	Mileage one way, home calls beyond two miles from point call is initiated or city limits if less than two miles.	
013	Day ..... per mile	.80
014	Night ..... per mile	1.05
	EXAMINATIONS	
	026-050	
026	Dermatological examination	5.35
027	Electrocardiogram with interpretation	5.35
028	Examination of ears, nose and throat (separately or together)	3.75
029	Special ear examination, including audiometric test with chart	8.05
030	Special ear examination, to include either caloric or Barany test or both with report	8.05
031	Examination of eyes	8.05
032	Examination of eyes with refraction, if mydriatic is used	13.35
033	Combined examination of eyes, ears, nose and throat with refraction (with or without mydriatic)	16.05
034	Genito-urinary examination without cystoscopy	5.35
035	Gynecological examination	6.40
036	Complete examination of heart, including electrocardiography	13.35
037	Physical examination of heart or lungs	3.75

(The rest of the exhibit consists of additional actual fee schedules.)

Plaintiff's Exhibit 1563

7893 *Reprint NORTHWEST MEDICINE*
Vol. 26—July 1947

Recommendations adopted by House of Delegates of Oregon Medical Society Mid-Year Meeting. April 12, 1947

1. "That Oregon Physicians' Service be authorized to add the furnishing of medical services for hospitalized cases under Surgical and Hospital Coverage Contracts, without change in other benefits or rates at this time."

2. "That Oregon Physicians' Service be authorized to offer full coverage employe group medical and hospital service to employed groups containing from four to ten participants each, with benefits and rates to be the same as those provided for standard employe group contracts, excepting that all such contracts for small groups shall stipulate one hundred per cent participation and also the salary deduction method for collection of monthly dues; and to offer supplemental family coverage, with standard benefits, rates and percentage requirements to these groups."

3. "That Oregon Physicians' Service be authorized to offer to responsible, established rural groups a plan whereby standard full coverage medical and hospital coverage is provided for heads of families and standard surgical and hospital coverage contracts or standard hospitalization contracts are provided to participating family members; the benefits and rates applicable to to these rural group contracts to be the same as those currently effective for industrial employe groups and supplemental family coverage contracts; a registration fee of $1.00 for each family to be charged and quarterly payments to be required."

4. It was voted that the report of the Committee on Rural Medical Service be taken from the table. It was voted that the Committee on Rural Medical Service be authorized to offer the plan contained in this recommendation to the Oregon State Grange.

5. "That Oregon Physicians' Service be authorized to offer medical and hospital coverage to employed individuals at the premium rate of $3.50 per month, with advance quarterly payment requirements, an initial

registration fee of $1.00 to be required for each individual subscriber; benefits under this proposed contract to be the same as those furnished under the standard employe group full coverage contract excepting for the following changes: the first call by the physician in each case to be the liability of the patient; hospitalization for each case to be limited to sixty days of full service and an additional sixty days for which Oregon Physicians' Service shall defray one-half of the cost; no dental service to be furnished and to offer supplemental family coverage at the standard level of rates and benefits to such employed individuals, an initial registration fee of $0.50 to be charged for each participating family member."

7894 6. "That Oregon Physicians' Service be authorized to offer contracts for surgical and hospital coverage on a standard benefit basis to individuals at the rate of $2.25 per month, with advance quarterly dues payments and with a $1.00 registration fee for each such individual; head-of-family individuals to have the privilege of extending the benefits of the surgical and hospital coverage contract to their families, with standard rates and benefits, and with a registration fee of $0.50 for each additional family member."

7. "That the offering of coverage to railroad and other interstate employes by Oregon Physicians' Service be approved in principle. Coverage for such employes should be similar to that now being rendered to employes of industrial concerns. However, no specific rates and benefits are recommended at this time, for the reason that some unusual requirements of interstate carriers must be considered carefully prior to the formulation of any final offering."

Plaintiff's Exhibit 1564

7895 SPONSORED BY THE OREGON STATE MEDICAL SOCIETY

OREGON'S APPROVED MEDICAL SERVICE PLAN

OREGON PHYSICIANS' SERVICE
(Emblem)

PORTLAND 5, OREGON
471 PITTOCK BLOCK

November 16, 1944

Mr. Frank Dickson
Northwest Hospital Service Plan
1200 S. W. Morrison Street
Portland 5, Oregon

Dear Mr. Dickson:

In accordance with our conversation yesterday, we are sending you the following material respecting earlier negotiations and plans for the merger of Northwest Hospital Service Plan with Oregon Physicians' Service and/or the Multnomah Medical Service Bureau. Items included are as follows:

1. Memorandum of Mr. W. C. Marshall outlining plan of joint operation, dated January 27, 1942.
2. Formal draft of merger plan, prepared by Mr. Marshall.
3. Reply of Northwest Hospital Service Plan to the above suggestions of Mr. Marshall.
4. Record of meeting on September 6 of representatives of the Hospital Plan, Medical Society and Multnomah Bureau.
5. Report of Mr. R. E. Jackson on negotiations of Bureau with the Hospital Plan.
6. Memorandum of Mr. Jackson on progress of negotiations.
7. Letters of Mr. Jackson dated October 24 and October 26 addressed to Mr. E. B. MacNaughton.
8. Suggestions of special committee of the Oregon State Medical Society for merger plan.

7896 Our files also contain minutes of the December 31, 1941 meeting of the Trustees of the Northwest Hospital Service Plan, which describe the Multnomah-Northwest merger in considerable detail. We also have a mimeographed record of a meeting of your Executive Committee on September 9, 1942 bearing on this subject. We have not enclosed copies of these minutes, assuming that your files contain these records in full.

We shall appreciate having you return these papers to us, inasmuch as we have no other copy of some of these papers. If we can be of further help, please call upon us.

Yours very truly,

OREGON PHYSICIANS' SERVICE

(Signed) E. E. RUBY
Division Manager

EER:LR
Enclosures

Plaintiff's Exhibit 1566

7897 January 27, 1942

As a means of arriving at a working arrangement which will be agreeable to both the medical profession and the hospital interests, the following arrangements are suggested:

That the Multnomah Medical Service Bureau adopt the policy of offering family hospital coverage to the families of subscribers protected under present or future group contracts and that such family hospital coverage shall be subject to the rates and conditions stipulated by the Northwest Hospital Service Plan. That the Multnomah Medical Service Bureau shall institute and continue on aggressive promotion campaign for this purpose.

That all fees collected by the Multnomah Medical Service Bureau under this family hospital coverage arrangement shall be remitted by the Bureau to the Northwest Hospital Service Plan. That the Northwest Hospital Service Plan shall accept such fees as full compensation for all liability incurred through the writing of such family hospital coverage and shall save the Multnomah Medical Service Bureau Harmless with respect to any liability involved in such coverage.

That the Northwest Hospital Service Plan shall pay to the Multnomah Medical Service Bureau the actual acquisition costs for such family hospital coverage, at a suggested rate of 5% of the total income subject to adjustment as experience warrants.

That any separate sales efforts of the Northwest Hospital Service Plan shall be limited by agreement with the administration of the Multnomah Medical Service Bureau in such a manner that there will be no duplication or competition in sales efforts between the two organizations.

That this plan shall be placed in effect for an experimental period of one year and may be terminated by either party involved in this arrangement upon the furnishing of sixty days notice in writing at any time thereafter.

W. C. Marshall

Plaintiff's Exhibit 1567

7898 NORTHWEST HOSPITAL SERVICE PLAN

MEETING OF THE BOARD OF TRUSTEES

Good Samaritan Hospital, Dec. 31, 1941 10:30 A.M.

Present: E. B. McNaughton, Dr. Stanley Lamb, George Gerlinger, W. P. Stalnaker, Ralph Couch, William Gahlsdorf, R. W. Nelson, David Lofgren, W. B. Coffey, Sister Petronilla, A. M. Morland, Sister John of the Cross, Dr. W. W. Baum.

Dr. Charles Manlove and Sister Flora Mary (non-members) also present.

Voted, that Dr. Manlove have the privilege of the floor.

Committee Report: The committee appointed to explore the possibility of a working arrangement with the Medical Society's bureaus made the following report:

1. That all participating hospitals in the Northwest Hospital Service Plan enter into a binding agreement among themselves, ratified by their respective Boards, under which they will not admit, except as private patients, any one holding contracts with insurers other than the Northwest Hospital Service Plan or other

like Hospital Service Plans approved by the American Hospital Association.

2. That the Northwest Hospital Service Plan shall set up its own separate administrative offices.

3. That upon expiration of now existing contracts held by the Medical Service Bureau, it be mutually understood that future contracts for hospital service by made directly between the Hospital Service Plan and the subscriber, and that there be no sub-contract arrangements made between the Hospital Service Plan and any intermediate insuring agency. That the allocation of fees from the Medical Service Bureau on the subscribers now covered by their existing contracts be on a basis of fifty-five cents per month per subscriber. It is further understood that if this allocation proves inadequate to meet necessary disbursements, a further allocation will be made by the Medical Service Bureau at the end of the period under contract, or if it proves to be higher than required, refund will be made to the Medical Service Bureau.

4. That after the Northwest Hospital Service Plan is established, the expense of any joint selling effort with the Medical Society's offices be divided on a fair pro rata basis. That with this understanding, we approve the plan of a common sales force which may sell either medical service alone, or hospital service alone, or the two in combination but in the form of separate contracts, and that sales of Hospital Service Contracts be limited to the regularly approved form of contract issued by the Hospital Service Plan. It is further understood that the Hospital Service Plan may at its option enter into an independent selling program of its own, and that in the event that salesmen, or other representatives of the Hospital Service Plan enter the field, they may likewise sell hospital service alone, or medical service contracts of the Multnomah

Medical Service Bureau in combination therewith, all in accordance with the established rules of the Plan and the Bureau.

This report was re-read section by section, and each section was adopted by vote. On Section 4, Sister Petronilla wished to be recorded as not voting.

Moved by Dr. Lamb, supported by Morland, that we approve the full report, and that the Secretary notify the participating hospitals, and request action by their respective Board on the ratification of Section 1 of this report not later than January 31; further, that the Secretary secure the advice of legal counsel on the legality of the plans set forth in this report, and furnish this legal opinion to the Boards of the participating hospitals.

Oregon Shipbldg: The committee appointed to negotiate for the Oregon Shipbuilding corporation contract reported the status of these incomplete negotiations to date. No action taken.

7899 Executive Committee: The following were nominated and elected by unanimous vote, as an Executive Committee: E. B. McNaughton, Dr. Stanley Lamb, R. W. Nelson, Sister John of the Cross, W. B. Soffey, W. P. Stalnaker.

Adjourned to the call of the Chair.

E. B. McNaughton, President,

R. W. Nelson, Secretary.

Plaintiff's Exhibit 1568

7900 MEMO:

Re: Cooperative Arrangement Between the Multnomah Medical Service Bureau and the Northwest Hospital Service Plan for the Latter to Take Over All Hospital Coverage on Present and Future Multnomah contracts.

At a meeting of the Directors and Trustees of the Multnomah Medical Service Bureau on Monday, August 24, at

the Mallory Hotel, there was a full discussion of the relationship of the Northwest Hospital Service Plan to the Medical Bureaus. It was unanimously decided by those present that if an agreeable arrangement could be worked out with the Hospital Plan it would be desirable for the Multnomah Medical Service Bureau to follow through on a previous decision to eliminate hospital coverage from its contracts and let the Northwest Hospital Service Plan take over this part of the servicing of the Multnomah contracts. There was a suggestion for: 1. joint sales force, 2. agreement as to means of dividing cost or income between the two agencies on existing contracts, 3. a suggested division of twenty-five percent of income to the Hospital Plan and seventy-five percent to the Medical Bureau on future contracts.

There was also some suggestion regarding the Hospital Service Plan functioning only for approved medical bureaus, but it was decided that this should not be brought to the front immediately in the preliminary discussion.

This plan was presented to the Council of the Multnomah County Medical Society on Tuesday, August 25 at the Mallory Hotel and was approved by the Council. Recommendations were made that a committee be designated to work out the plan. Later Dr. George Henton called me and informed me that Clyde Foley, Ralph Nelson, and I had been designated to get together and work out some cooperative plan through which the desire of the Multnomah Medical Service Bureau and the Council of the Multnomah County Medical Society can be carried out. Mr. Foley arranged a meeting between himself and Mr. Nelson and myself at the office of the State Medical Society on the afternoon of August 26. It developed that Mr. Nelson found it necessary to be out of the state for about a week or ten days, and the only intention with respect to this preliminary meeting was in order to get some idea as to the opinion of the two agencies to give us something to work out a plan in the interval between now and when Mr. Nelson will return.

It was decided or stated at the meeting: 1. That the Multnomah Medical Service Bureau was ready and willing to turn over its hospital coverage to the Northwest Hospital Service if agreeable arrangements could be made. 2. Without either Mr. Foley or myself having mentioned the subject, Mr. Nelson volunteered the suggestion that if a plan is worked out that the Northwest Hospital Service Plan function only for approved medical bureaus and not

for other organizations. 3. It was agreed by all that provably the only difficult problem to determine was as to the percentage of the total contract rates that should be assigned to each—the Northwest Hospital Service Plan and the Multnomah Medical Service Bureau.

7901 The question of a joint sales force was not discussed, although the matter was brought up indirectly in order to feel Mr. Nelson out on his ideas as they related to that subject. It appeared to me that the Northwest Hospital Service Plan would be determined to maintain their own independent sales force. Mr. Nelson definitely said in that respect that they wanted a live, aggressive sales force, and I got the impression that he did not feel that the sales force of any other organization would function in the aggressive manner that the Northwest Hospital Service Plan executives would demand from their sales force. We, therefore, did not go into the subject in detail at this preliminary meeting. It may develop, however, that the handling of the sales forces of the two organizations may be one of the most difficult problems to solve in connection with this matter.

Mr. Nelson stated that it was their opinion, and it appeared to the writer that the Northwest Hospital Service Plan executives are more or less set in this opinion, that they should receive seventy-five cents out of each membership for hospital service when the acquisition or selling is done by the sales force of the Hospital Plan. He did suggest that sales made by representatives of the Multnomah Medical Service Bureau should carry a lesser percentage to the hospitals. He also volunteered information that if it was the desire of the Multnomah Medical Service Bureau to turn over the hospital service on present or existing contracts that it might be necessary for the Hospital Service to make some concession with respect to the amount of turnover in connection with those contracts but did not seem inclined to consider a twenty-five percent cut as being a proposition in which they would be interested. He stated, however, that they might be interested in something like sixty cents per month out of present two dollar contracts of the Multnomah and suggested that if that could not be worked they would probably be satisfied that the Multnomah carry through with its full obligation until expiration of present contracts. I informed Mr. Nelson, however, that if we arrive at an agreement, I believe it was the desire of

the Multnomah Medical Service Bureau to immediately turn over all hospitalization on present and existing contracts.

The question then came up concerning a method of procedure in connection with accounts which had been contacted by the Northwest Hospital Service Plan prior to our meeting, because the sales force of the Hospital Plan had been called off and were doing nothing pending some decision as to whether or not they should proceed along the lines started prior to the suggested cooperative arrangement between the two organizations. Mr. Nelson mentioned several accounts on which they had worked, among which were the Columbia River Packing Company account at Astoria which has no direct bearing on the Multnomah situation but must be considered since any arrangement that is effected between the Multnomah and the Hospital Service must necessarily extend on to other medical service bureaus. He also mentioned the American Can account in Portland which has been contacted. Mr. Nelson desired some understanding as to the split that should be made or as to whether or not they would be justified or au-
7902 thorized in pressing their sales program on previously contacted accounts. After considerable discussion, it was more or less understood between Mr. Foley, Mr. Nelson and the writer that on those accounts now pending on which negotiations had been started, the Multnomah Medical Service Bureau would be willing to let them go ahead and write these accounts on a $2.50 total rate with a split of $1.82 to the Multnomah and $.68 to the hospitals. It was further understood that if and when eventually a permanent arrangement was made that those contracts that were written on these now pending negotiations should take the rate that is finally decided upon, and if for any reason our attempted cooperative arrangement balk down, then the Multnomah and the Oregon Physicians' Service would still carry through on the arrangement of $.68 and $1.82. This was done for the reason that I felt it necessary that some plan should be worked out whereby the sales force of the Hospital Plan should be permitted to pursue their work during the time Mr. Nelson is in Los Angles.

The $.68 and $1.82 decision was arrived at after considerable figuring and I believe was estimated on the basis of taking the 1938, 1939 Multnomah Medical Service Bureau experience and adding to that the percentage the hospitals have raised between that date and the present time.

A rather peculiar incident occured following our meeting which meeting was entirely pleasant, in that a few minutes after I reached the Multnomah office, I received a telephone call from Mr. Coffey of the Northwest Hospital Service Plan stating that he and Mr. Bradley were on their way to this office. When they came in, it appeared that they felt that Mr. Nelson had gone too far in agreeing to a $.68 and $1.82 split on present pending contracts, and after considerable discussion it developed that the only difference was that they felt that their Board of Directors would be better satisfied if the split was $1.80 for the Multnomah and $.70 for the Hospital Plan on these contracts that are now in negotiation. This amounted to only two cents per member per month, and I did not feel was enough to argue about or enough to justify an issue in the early negotiations, but was rather disconcerting in that Mr. Nelson was supposed to represent the Hospital Plan in the meeting between himself Mr. Foley and me and immediately upon that meeting adjourning, Coffey and Bradley had questioned Mr. Nelson's judgment in any such arrangement.

Pending Mr. Nelson's return from Los Angeles it will be necessary to make some estimate of the split the Multnomah can afford to give the hospitals in connection with the hospital part of the contract. Mr. Nelson did suggest that a split of 62.5 cents on each member go to the Hospital Plan on those accounts sold by the Multnomah sales force and that 75 cents for each membership go to the Hospital Plan on those accounts sold directly by the Hospital Plan sales force. There should also be some agreement as to the split on those accounts in which both the Sales Plan and the Multnomah are called in and where the account is sold jointly.

Plaintiff's Exhibit 1569

7903 REPORT OF NEGOTIATIONS FOR TRANSFER OF MULTNOMAH MEDICAL SERVICE BUREAU HOSPITAL COVERAGE TO THE NORTHWEST HOSPITAL SERVICE PLAN

At a joint meeting of the Directors and Trustees of the Multnomah Medical Service Bureau on Monday, August 24, it was voted that if an agreeable arrangement could be worked out with the Hospital Plan it would be desirable for the Bureau to eliminate hospital coverage from its

contracts. This decision by the Directors and Trustees of the Bureau was later confirmed by the Council of the County Society. Meetings were held by the committee for the purpose of discussing all angles of this question on August 26, 1942 September 6, 1942 and again on the evening of September 29, 1942.

At this later meeting there were present: Mr. Nelson and Mr. Bradley of the Hospital Service Plan and R. Henton, Dr. Richard Adams, Mr. Foley, Mr. Marshall and Mr. Jackson representing the County Society, the Bureau, and Oregon Physicians' Service.

As a result of the discussions held at these various meetings, the following results were arrived at:

1. That neither the Hospital Plan or the Bureau would be willing to forego its sales organization or turn that function over to one sales force to be under the direction of either the Bureau or the Hospital Plan. It was agreed, however, that if separate salesforces were continued that there must be frequent conferences between the sales managers of the two organizations to map out sales programs and decide which accounts are not desirable from the standpoint of each and to determine which organization, or whether both organizations, should promote the sales with respect to designated accounts.

2. The Northwest Hospital Service Plan would write coverage only in cooperation with approved bureaus where the joint plan is advisable or necessary.

3. That for an experimental period, say to January 1, all old accounts now on the books of the Bureau would be serviced by the Bureau as in the past, then there should be further conferences to determine as to whether or not it is advisable to turn the hospital coverage on all existing contracts over to the Northwest Hospital Service Plan. If it is desirable, we would have to determine the terms or split to be apportioned to each of the two organizations on this old business.

4. That no further business shall be written by either the Bureau or the Hospital Plan except under a joint arrangement where both medical and hospital coverage is required in connection with any account.

5. All present contracts of the Bureau to be renewed at the renewal dates under the joint plan.

6. That the Hospital Service Plan, for an experimental period, will agree to a split of 68 3/4 cents per month per member to the Hospital Plan and the remaining portion of the premium income to go to the Bureau. (This amount was reduced from a previous suggestion by the Hospital Plan of 75 cents per month per member.)

7. It was agreed that coverage to employed workers under the joint plan was to provide for the same hospital service that has heretofore been, and that is now, provided for in Multnomah contracts.

7904 8. That the question of hospital coverage for occupational injuries shall be determined with respect to both the mater of policy in writing such coverage and with respect to rates.

9. It was suggested by representatives of the Hospital Plan that if on experience it was found that the Hospital Plan's portion of the total income was in excess of requirements necessary to meet in full hospital rates that they would later consider an adjustment. This would be done after sufficient time had elapsed to prove definitely that the present apportionment was in excess of the requirements of the hospital in order to pay full hospital rates.

Since it was more or less agreed generally by both the Hospital Plan and the Bureau in the beginning that it was desirable that some sort of a cooperating arrangement should be worked out, about the only points of difficulty from the beginning were the questions of handling of sales and the point of division on premium income between the two organizations.

The things as above set forth are generally speaking the points that were discussed, and should the Directors of the Bureau feel that this is a basis for negotiation with the Northwest Hospital Service Plan other minor details must be worked out between the Management of the two organizations. Among these items are: method of handling contracts with respect to whether it should be one contract or separate contracts, cooperation of the two salesforces and other matters that cannot be predetermined but which must be adjusted in a wholehearted cooperative attitude between the two organizations.

Plaintiff's Exhibit 1570

7905 October 19, 1942

Mr. Ralph E. Jackson, Manager
Multnomah Medical Service Bureau
337 Pittock Block
Portland, Oregon

Dear Sir:

About August 15 the Northwest Hospital Service Plan began serious negotiations with the Multnomah Medical Service Bureau in the hope of formulating a plan whereby this organization would assume the risk of the hospital portion of your contracts. At that time I instructed the sales force of the Service Plan to discontinue any activity in the field which might be of a competitive nature to the Medical Service Bureau. We have had many meetings with your group, and for some reason unknown to us these negotiations seem to have been constantly delayed, although in most of these meetings both groups seemed to be in complete accord.

It is the sincere wish of the executive Committee, representing all the Portland Hospitals, that these negotiations be completed in a cooperative manner. However, it is felt that unless some definite decision on your part is reached by October 26, relative to the joint sales of Medical and Hospital Service, we must of a necessity look at the Multnomah Medical Service Bureau as a purely competitive organization, which we believe in all fairness justifies our entrance into the field of pre-paid medical care. Therefore, if negotiations fail to be completed by that date the Committee, representing the Portland Hospitals, have instructed the sales department of the Service Plan, effective November 1, to enter the field of pre-paid medical care and the medical staff of each hospital will be notified accordingly.

Very truly yours,

NORTHWEST HOSPITAL SERVICE PLAN

E. B. MacNaughton, President

CC-Mr. Willard Marshal, Manager, Oregon Physicians' Service
Mr. Clyde C. Foley, Secretary, Oregon State Medical Society

Dr. George E. Henton, President, Oregon State Medical Society
Dr. Richard Adams
Dr. Stanley Lamb
Board of Directors—Multnomah Medical Service Bureau—Dr. H. R. Lukas, President
Board of Trustees—Multnomah Medical Service Bureau—Dr. F. H. Sheldon, President

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Plaintiff's Exhibit 1571

7906 October 24, 1942

Mr. E. B. MacNaughton
c/o First National Bank
Portland, Oregon

Dear Mr. MacNaughton:

Supplementing our conversation of Friday, I would like to review our discussion and state specifically some of the points which I feel should be, in the interests of future harmony, covered under a formal contract and which points I will have drafted into contract form if possible within the next few days. When the contract is drafted, I will present it to you, and we can then discuss its terms and make such alterations and changes in it as are in our opinion necessary before finally referring the agreement to our respective boards for consideration.

I would suggest the inclusion of the following points in the contract for the purpose of forestalling any misunderstanding that might arise later because of the awkward position of two independent agencies operating from different offices and different personnel attempting to work in harmony in a joint venture.

1. That the Bureau turn over to the Hospital Plan all hospital coverage on new or renewed contracts after a date to be determined.

2. Old business to be carried through to termination under existing contracts by the Bureau.

3. The Hospital Plan to be allowed sixty-eight and three-fourth cents (68¾¢) per month per member from each two dollar and fifth cent ($2.50) monthly member contribution. The same relative rate to be

applied on limited coverage contracts which carry lower member assessments (present full coverage contracts are being raised to two dollars and fifth cents ($2.50) per month which is a raise of fifty cents (50¢) per month from present rates). However, there are a few limited coverage contracts at the one dollar and seventy-five cents ($1.75) monthly rate which are being raised to two dollars and twenty-five cents ($2.25) per month.

7907 4. That no accounts shall be independently solicited for medical and hospital coverage except such accounts as are cleared and assigned by agreement between heads of the two sales organizations through frequent consultation.

5. That all initial member records from covered accounts and all contributions shall come initially to the Bureau, and such records as may be required by the Plan shall be made up and transmitted to them. (This suggestion is made because the Bureau requires information in connection with treatment prior to the time the Hospital Plan needs such information. A great many more cases move through the Bureau than is the case with the Hospital Plan, and the Bureau cannot depend on telephone information for authorizing medical care.)

6. Such cost as is required in making up the joint office records will be assigned on a prorata basis between the two organizations according to the income.

7. The contract will provide for a method by which those accounts that refuse to deal with separate organizations and which insist upon full coverage under eigher the Bureau or the Plan may be handle. in the name of the preferred organization, and the terms of coverage and the split shall be made by the two agencies without involving the covered firm.

8. That the same benefits shall be provided for employed workers under the hospital coverage as are now provided for under the Bureau contracts.

9. That if experience shows any inequality in the division of income and experience shows the hospital portion of the income exceeds the amount necessary to pay the hospital schedule of rates, there shall be a re-

allocation of income so that that portion of the income not required by the Hospital Plan shall be allocated to the Bureau for use in paying the medical costs.

10. That the rate of coverage for occupation injuries (as distinguished from non-occupational injuries and sichness) shall be subject to negotiation and understanding before such coverage is written.

11. That in event the contingency shall arise where experience shows the plan is not workable, such agreement as is approved by the Directors of the two organizations will be terminated upon sixty days notice by action of the Board of Directors of eigher the Bureau of the Plan.

There may be other points that you will desire to have agreed, but which are not mentioned here. I dem it important, however, in the light of our past difficulties in getting together on a mutual understanding satisfactory to both agencies that the agreement should be a guide
7908 for solution of as many points of possible future issue as can be visualized at this time rather than our depending wholly upon some administrators who may or may not be with the organizations for an indefinite future time.

As stated at the time of our conversation, I have been assigned the function of attempting to work this matter out with you people, and that I will conscientiously strive to do regardless of my personal belief as to the future sucess of the plan. I cannot help suggesting, however, that in my opinion the permanent success of this venture must depend upon the eventual consolidation of physical plants. I do not mean by this that either organization should dominate the administrative set-up nor should either agency turn over to the other all its administrative or executive functions. I feel, however, that the venture should be administered from one office and that a large portion of the sales, clerical and actuarial work should be done through one plant. This should be done in order to eliminate confusion bound to result when two independent and isolated physical plants are attempting to administer what is in effect one plan of coverage. Such a move would also mean a great saving through the elimination of duplication in administrative costs. The sales organization working full coverage accounts, my opinion, should be one sales force but with no limitation so far as the Plan is

concerned in soliciting business with that class of account in which the Bureau is not interested, such as the white collar groups. Even though the plants were consolidated, there could still be a segregation of funds and independent claim departments, but the information service on coverage should be emanated from one source in order to eliminate the confusion which has heretofore and will continue to develop due to the awkward administrative arrangement whereby two separate offices are maintained in different locations.

The contracts of the Bureau (over 500 in number) must all be resold as they come up for renewal on this joint venture, since legally there can be no assignment of this personal service without the consent of the insured.

For that reason and the added reason which I mentioned to you regarding the possible future status of the Bureau, which status may or may not be changed, I believe the ultmate arrangement should be deferred until that point is definitely settled shach will take some time, but the possibility if any change will probably be known very shortly. If that should transpire (and no announcement concerning that possibility can be made yet), it would be highly important from the standpoint of all concerned and a necessity that both moves should be put through at the same time, because again should there be a change in the Bureau status all accounts would likewise have to be contracted and assignments procured. Therefore, it would not be advisable to attempt to resell the accounts on the cooperative Hospital Plan and then immediately again contact them for the purpose of reselling them on the possibility that there will be some change in the Multnomah status. As stated, that contingency may or may not arise, but it is a possibility that I feel in fairness you should know about.

7909 With this review of the situation I will again state I will make every effort within the next few days to try and have the contract drafted by our attorney in the form that I feel it should be done, and I will then again confer with you at which time we can frankly discuss any items on which we might differ with the idea of getting together on a mutual understanding. Possibly by that time, we shall have some definite information as to the future status of the Multnomah.

I desire to thank you for the opportunity you accorded me of frankly discussing our problems, and I appreciate your statement that I should feel free to consult with you

at any time on this subject. which I feel is highly important to the future of both organizations.

Sincerely yours,

MULTNOMAH MEDICAL SERVICE BUREAU

Manager

REJ:LR

Plaintiff's Exhibit 1573

7910 *COPY*

SUGGESTIONS FOR AGREEMENT
WITH NORTHWEST HOSPITAL PLAN

As a basis for agreement to be entered into between the Multnomah Medical Service Bureau and the Northwest Hospital Service Plan for the segregation of medical service and hospital service under the two plans, the following suggestions are offered.

1. That the Multnomah Medical Service Bureau and the Northwest Hospital Service Plan will jointly write medical and hospital coverage, the full coverage under the two plans, however, to be under one cover. The Bureau shall be responsible for the medical service under the joint contract, and the Plan to be responsible for hospital service. The income from contracts written under the joint plan to be divided on the basis of ..... cents per month per insured member to the Bureau and ..... cents per month per member to the Plan, such cooperative arrangement to be subject to the following conditions:

a. That the original records of covered employes and remittances from employers to be filed with the Bureau and such records as are necessary to the Hospital Plan to be made up and furnished to the Plan, the cost of compiling such records to be divided prorata according to income that goes to each of the two organizations.

b. That all remittances on joint accounts are to be made originally to the Bureau and after the proper division is made of such income, the Hospital Plan's portion to be refunded to the Northwest Hospital Service Plan with proper explanatory statements.

c. That the Sales Directors of each organization are to consult weekly, or more often if necessary, in order to plan the solicitation of business in such a way that there will be no confusion and in order that the sales programs shall be coordinated between the two organizations. It shall be planned by the Sales Directors that a complete understanding shall be had as to which accounts shall or shall not be jointly sold and which accounts the Bureau is not interested in writing. It shall be decided by the Sales Directors which accounts are to be canvassed by the sales organization of the Hospital Plan and which are to be jointly handled by representatives of both organizations. No accounts are to be contacted without the prior knowledge of each party to this agreement through their Sales Directors.

d. That in the event any misunderstanding or disagreement shall develop between the two organizations and which misunderstanding or disagreement cannot be satisfactorily adjusted, then such formal agreement as is eventually approved by the directors of the two organizations may be terminated upon sixty days notice by the directors of either the Bureau of the Plan.

e. That there shall be no accounts contracted by either the Hospital Service Plan or the Bureau after the effective date of this agreement except under the joint plan and all renewed contracts of the Multnomah shall be renewed under the joint plan the same as new contracts.

f. That old business of the Bureau not ready for renewal at the time the agreement goes into effect shall be carried by the Bureau for both medical and hospital coverage until renewed under the joint plan, unless bt supplementary agreement and understanding shall be had between the two organizations concerning such old business as is now on the books of the Bureau and an understanding as to division of income from such contracts.

7311 g. That neither the Bureau nor the Northwest Hospital Service Plan will enter into any contract in which any organization other than the parties to this agreement is a party to the contract.

h. That the same benefits shall be provided for employed workers under the hospital coverage as are now provided for under the Bureaus contracts.

i. That if it is shown by experience that the division of income as herein provided for is in excess of the requirements of the hospital plan to pay the schedule of rates used by the Hospitals then the hospitals agree that such excess be turned back to Bureau and that a re-allocation of income be made so that all income not needed by the Hospital Plan for the payment of hospital services shall be allocated to the Bureau for use in paying for medical services.

j. That the rate and coverage for occupational injuries and policies regarding such coverage shall be subject to negotiation and understanding when such problems arise and that no industrial coverage shall be negotiated by either the Bureau or the Plan until there is a complete understanding concerning the charge for such service and as to a fair allocation of the income from such industrial coverage.

k. That no preliminary or temporary discussions had prior to to the execution of a formal contract shall be considered or construed as binding on either the Bureau or the Hospital Plan and that the joint program shall become effective only upon the execution of a formal contract in duplicate by the directors of each—the Bureau and the Hospital Plan.

W. C. Marshall

Plaintiff's Exhibit 1575

7912 THIS AGREEMENT made and executed this..... day of October, 1942, by and between MULTNOMAH MEDICAL SERVICE BUREAU, a corporation, hereinafter called "the Bureau, first party, and NORTHWEST HOSPITAL SERVICE PLAN, a corporation, hereinafter called "The Service Plan", second party, WITNESSETH:

That WHEREAS The Bureau is engaged in the business of selling medical service and hospital service upon a prepayment basis, and The Service Plan is engaged in selling hospital service only, upon a prepayment basis, and

WHEREAS, it is the intention of the parties to cooperate in the sales of their respective services, and the purpose of this agreement is to fix the terms and conditions upon which the parties shall sell companion contracts to a single purchaser.

NOW, THEREFORE, IT IS HEREBY PROMISED AND AGREED BY AND BETWEEN THE PARTIES AS FOLLOWS:

1. The Bureau shall forthwith cease writing contracts to provide hospital service upon a prepayment basis, but shall have the right to perform its unexpired contracts which provide for hospitalization.

2. The Service Plan shall write no contracts to provide medical service in Multnomah County or in counties adjacent to Multnomah County now serviced by The Bureau.

3. The Service Plan and The Bureau shall write separate contracts providing for prepaid hospital service and medical service, respectively, which may be sold concurrently to a single purchaser. Each party may, and it is hereby authorized, to sell the contract of the other party in conjunction with its own contract, where such coverage is desired and unless objection to such sale is made by the other party. Said companion contracts shall be substituted for expiring contracts of The Bureau for both hospital and medical service.

7913 4. The contracts for hospital service to be issued by The Service Plan which are to partially replace the expiring Bureau contracts shall provide for hospitalization coverage for employees identical with that provided for in said expiring Bureau contracts.

5. The charge to be made by The Service Plan for its hospitalization contracts where companion contracts are issued by it and The Bureau, may be increased or decreased annually as costs are determined by experience. The rate to be charged by The Service Plan for the first year hereafter shall be the sum of 68 3/4¢ per month for each employee covered, an additional 75¢ per month for the spouse of such employee, and an additional 50¢ a month for children of such employee under the age of 19 years. If at the end of one year, the income received by the Service Plan from employees covered by The Bureau for medical service upon contracts issued hereafter by The Service Plan in conjunction with contracts of the

Bureau, exceeds The Service Plan's cost for hospitalization, its administrative costs for servicing said hospitalization contracts, and a suitable reserve for unexpired cases the difference shall be remitted by the Service Plan to The Bureau within thirty days.

IN WITNESS WHEREOF the parties hereto have caused its respective signatures to be affixed by their duly authorized officers the day and year first above written.

WITNESSES:

..... MULTNOMAH MEDICAL SERVICE BUREAU
By .....

..... NORTHWEST HOSPITAL SERVICE PLAN
By .....

Plaintiff's Exhibit 1576

7914 EDITORIAL PAGE OF THE OREGON DAILY JOURNAL, PORTLAND, OREGON, WEDNESDAY, OCTOBER 22, 1947

TODAY'S GUEST EDITORIAL

PREPAID MEDICINE

By DR. G. B. LEITCH, M. D.
Trustee, Oregon Physician's Service

The eyes of the nation's medical world are now focused on Oregon as a result of the leadership of Oregon doctors in extending prepaid medical care to an expanded health field.

In a series of newspaper advertisements appearing throughout the state, and by radio, the Oregon Physicians Service recently announced a number of extensions to its plan for rendering prepaid medical and hospital care on a voluntary basis. This in itself is a radical departure from previously held concepts of advertising in relation to the medical profession, but is typical of the thought and study which the doctors of Oregon have put into the subject in the public interest.

For many years the medical and hospital services of this physician-sponsored Oregon organization have been available to employed groups of workers at a low cost. A few months ago an extension was made available to dependents of employed groups which included hospitalization, and

medical and surgical services during hospitalization for fracture, surgical and maternity cases. Through the present extension the services of both physicians and hospitals are now made available to individuals, with certain limitations, at a modest cost.

Prepayment of medical care is nothing new, but the widespread extension of this care to include individuals is. It is for this reason that the nation's medical leaders are watching the progress of the Oregon plan. Medical aid to individuals has been available in many places on a compensation or reimbursement basis, as in any health and accident insurance policy. The difference in the plan offered by Oregon Physicians Service is that the actual service is offered, not just some partial financial compensation or reimbursement in the event of illness.

Oregon Physicians Service is the only state-wide plan for prepaid medical and hospital care operating in Oregon which qualifies for and holds the seal of approval of the council on medical service of the American Medical association. O. P. S. is also a charter member of the Associated Medical Care Plans of the nation.

Oregon Physicians Service is sponsored and approved by the Oregon State Medical society through its component county societies, and over 90 per cent. of all medical doctors in the state are members of its staff or an affiliate county organization. Coverage is state-wide. Policies of the organization are set by a board of directors selected from 11 trustees named to represent all parts of the state. Operation is under the jurisdiction of the state insurance commissioners' office.

Plaintiff's Exhibit 1577

7915 (Preliminary)

STANDARDS OF ACCEPTANCE FOR MEDICAL CARE PLANS APPROVED BY THE COUNCIL ON MEDICAL SERVICE AND PUBLIC RELATIONS

Development of plans affecting the distribution of medical care, in accordance with the principles adopted by the House of Delegates, is one of the principal functions of the Council on Medical Service and Public Relations. First in importance in the development of plans affecting the provision of medical care is the utilization of the prepayment method to help spread medical and surgical costs.

The Council on Medical Service and Public Relations suggest that special recognition be granted to plans organized and operated in accordance with standards which adequately protect the interest of the public and the medical profession.

In granting this recognition the Council will consider each prepayment medical care plan in the light of established knowledge, authoritative opinion, and according to standards adopted from time to time by the Council in the interest of the public. Plans that conform with the requirements thus formulated will be accepted by the Council.

Under the conditions defined in the following paragraphs, the Council grants the right to print its seal on all official papers of accepted plans and in any promotional literature or display material used by these plans.

This official seal should appear without comment on its significance unless such comment has been previously approved by the Council. A statement proposed for such use follows: "the seal of acceptance denotes that (name of plan) has been accepted within the standards set forth by the Council on Medical Service and Public Relations of the American Medical Association."

The acceptance of a plan and the seal of the Council are intended to signify that the plan conforms with or meets the following standards or requirements:

LOCAL APPROVAL

(1) The prepayment plan must have the approval of the state medical association—or if local, of the county medical society in whose area it operates.

7916 PROFESSIONAL CONTROL

(2) The medical profession should assume responsibility for the medical services included in the benefits; the medical profession is qualified legally and by education to accept responsibility for the character of the medical services rendered.

a. The plan should provide for the appointment of a committee by the medical profession in the area served by the plan, one of the duties of this committee shall be the determination of relative values of medical service and procedures as set forth in the plan's published schedule of benefits, and of those services and procedures not so published.

b. The published schedule of benefits of the plan shall include at least all services and procedures commonly performed, a list of which shall be set forth by the Council on Medical Service and Public Relations of the American Medical Association.

ARBITRATION

(3) Provision should be made for a medical director acceptable to the county or state medical society, or a committee appointed by either of these groups, to adjust difficulties and complaints. The Medical director or committee members may be paid on a per diem basis for the time involved in handling such matters.

FREE CHOICE OF PHYSICIAN

(4) There should be no regulation which restricts free choice of a qualified doctor of medicine in the locality covered by the plan who is willing to give service under the conditions established.

PATIENT-PHYSICIAN RELATIONSHIP

(5) The method of giving the service must retain the personal, confidential relationship between the patient and the physician.

(6) The plan should be organized and operated to provide the greatest possible benefits in medical care to the subscriber. Honesty of purpose and sincere consideration of mutual interests on the part of the subscribers, the physicians and the plans are presupposed as necessary considerations for successful operation.

(7) The dues from subscribers through premium rates should be adequate to provide for the benefits offered and the risks involved.

In determining such factors the Council will utilize the experience of those plans that are and have been operating successfully, but will not discourage experiments in other types of coverage provided such experiments are limited in scope and capable of scientific evaluations.

7917 STATEMENT OF BENEFITS

(8) These benefits may be in terms of cash indemnity or service units. Where benefits are paid in cash to the subscriber it must be clearly stated that these benefits are for the purpose of assisting in paying the charges incurred

for medical service and do not necessarily cover the entire cost of medical service, except under specified conditions.

(9) Subscribers' contracts must state clearly the benefits and conditions under which medical services will be provided or cash indemnities paid. All exclusions, waiting periods, and deductible provisions must be clearly indicated in the promotional literature and in the contracts.

PROMOTION

(10) Promotional activities must be reasonable without extravagant or misleading statements concerning the benefits to the subscribers. In approving promotional material the Council will endeavor to indicate the type of statements which are acceptable and the nature of those considered objectionable. It is not the function of the Council to edit all copy word for word and sentence for sentence, but rather to indicate the general type of revision required in any given piece of literature. It expects the spirit and intent of such objections to be observed in the remainder of the copy not specifically criticized. Promotional activities will include any devices for informing the public or the profession.

ENROLLMENT

(11) Enrollment practices shall be based on sound actuarial principles such as will not expose the plan to adverse selection. Group enrollment is recommended until further experience warrants the acceptance of individuals.

(12) It is understood that the plan of organization will conform with state statutes and that the plan will operate on an insurance accounting basis with due consideration for earned and unearned premiums, administrative costs and reserves for contingencies and unanticipated losses. Supervision should be under the appropriate state authority.

(13) Each accepted plan must submit periodic reports of financial and enrollment experience in the manner prescribed by the Council.

DURATION OF ACCEPTANCE

Acceptance of plans by the Council will be for a period of two years or until revoked (provided they comply with the standards during this period) at the end of which all contracts and financial statements be re-examined. A

shorter period of approval may be granted at the discretion of the Council. Any changes in contracts or literature during the period of acceptance must be submitted to the Council for review.

Plaintiff's Exhibit 1582

7918 COOS BAY HOSPITAL ASSOCIATION

MANAGER'S OFFICE
416 HALL BUILDING
MARSHFIELD, ORE.

MEETING: Members of the Coos Bay Hospital Association August 5, 1940, 7:30 p.m. Office of Dr. Dix.

The meeting was called to order by the manager, Dr. Dean P. Crowell. The following members were present.

H. C. Eastland	Donald Long
R. H. Fields	J. M. Simpkin
John Keizer	A. B. Peacock
Ennis Keizer	Dean P. Crowell
George Dix	R. M. McKeown
Alfred French	L. G. Johnson
Bernard Barkwill	Wm. Horsfall

• • • • •

A discussion of outside hospital contracts followed in which Dr. Crowell enumerated the contracts we had lost to the Industrial Hospital Association. He also stated that some of our biggest contracts were contemplating changing over to the Industrial Hospital Association.

After a general discussion a motion was made by Dr. Peacock and seconded by Dr. John Keizer that "this group of doctors will not take any slips from any hospital association not approved by the Oregon State Medical Society after August 5, 1940. This is to apply to the Coos Bay district only. In lieu of the slips these patients are to be charged private patient fees according to the Coos and Curry county schedule." This motion was passed unanimously by standing vote.

(Signed) BERNARD BARKWILL
Bernard Barkwill, M. D.
Secretary.

Plaintiff's Exhibit 1583

7919 MEETING; Board of Directors, Coos Bay Hospital Association, 7:00 P.M. October 4, 1940, 416 Hall Building, Marshfield, Oregon.

There are four directors present, also Dr. J. Simpkin.

The financial statement was presented to the Board for observation. Accounts not paid to date also presented. The account of Brady and Neal and Western Lumber and Sales is ordered to be paid in part by October 15th and the manager is directed to so notify them. A list of all bills paid for the month of August was presented and okehed by the Board of Directors.

The matter of limitation of surgery of the general practioner was brought before the Board by Dr. Simpkin, discussed and tabled.

The manager was directed to advertise with the Union Register, A.F. of L. paper representing the lumber and sawmill workers to the extent of $25.00. The matter of a definite allowance per year for advertising was tabled at this time.

The manager's office is ordered to send out a bulletin concerning the stand of the Coos Bay Hospital Association on job examinations, teachers examinations, marriage license examinations etc. The Association not to pay for these.

The fee for prostatectomy, bill presented, was ordered to be paid at $60.00 to Dr. Cheetham. Additional fees on ticket #136, July, Keizer Brothers and Johnson were ordered paid, 5 x-rays at $4.00 and $1.25 for tetanus antitoxin.

It is agreed by the Board of Directors that the doctors of the Association shall work for the Coquille and Myrtle Point Associations, charging our rates the same as on our own fee schedule: It is also the intention of the Association to pay doctors concerned at the same rate when they work for the Association. This matter is to be brought before the County Medical Society at it's next meeting.

X-ray fees are ordered to be paid at McAuley Hospital the same as the regular fee schedule, the manager is ordered to notify the Hospital.

Dr. Johnson's bill for services was ordered not paid.

Laboratory fees: the matter of private charges o Coos Bay Hospital Association patients by Mrs. Toles was taken up and it was unanimously decided that Mrs. Toles refund

money paid by patients. The manager is instructed to write Mrs. Toles to that effect.

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(Signed) BERNARD BARKWILL
Secretary

Plaintiff's Exhibit 1584

7920 MEETING; April 21, 1941 Board of Directors
COOS BAY HOSPITAL ASSOCIATION 8:00 P.M.
Office Dr. L. Johnson, Hall Building
Marshfield, Oregon

Meeting is called to order by President L. Johnson. There are four are four directors present. It

It is unanimously agreed that all outside Hospitals and Physicians are to be paid at 65% of Bureau of Medical Economics Fee Schedule.

• • • • •

Manager instructed to pay the Bureau of Medical Economics 1/2 of 1% of gross income during 1940. This amount to be paid quarterly. First check to be presented to Mr. Caughell at meeting of all Association managers in Portland, April 24, 1941 by Mr. Lillebo who is instructed to attend said meeting. The total amount to be paid this year only.

• • • • •

Case of H. O. Hudson employee of Winchester Bay Lbr. Co. ordered paid at 65% of Bureau of Medical Economics Fee Schedule. Brace for H. O. Hudson not to be paid for by Association. Manager instructed to write a letter to Mr. Hudson explaining why Association does not pay for braces.

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7921 Unanimously agreed that the manager of Association shall attend meeting of executives of Approved Medical Service Bureaus, in Portland, Oregon Thursday April 24, 1941. Also instructed to visit Association offices in Portland, Salem, and Eugene.

This being all the business to come before the meetin, it was adjourned.

(Signed) BERNARD BARKWILL
Bernard Barkwill, Secretary

Attest:
Leslie G. Johnson, President

Plaintiff's Exhibit 1585

7922 MEETING; June 23, 1941 Board of Directors
Coos Bay Hospital Association 8:00 P.M.
Office Dr. L. Johnson, Hall Building
Marshfield, Oregon

Meeting called to order by President Leslie G. Johnson. There are five members present—Dr. Dix, Dr. Barkwill, Dr. Long, Dr. E. Keizer, & Dr. Johnson.

The minutes of the last meeting were read and approved.

A motion was made by Dr. Dix & seconded by Dr. Barkwill instructing the manager of the Assn. to write a letter to all Dr. members of the Assn. advising them to bear in mind the increased rates of the different hospitals and to keep all hospital cases at a minimum. Motion unanimously carried.

The managers Financial report and office report accepted as read.

The manager was instructed to be on the lookout for a secondhand safe for the Coos Bay Hospital Association.

A motion was made by Dr. Dix and seconded by Dr. Barkwill instructing the manager to contact the Bureau of Medical Economics regarding increasing contract rates 30% effective Sept. 1, 1941 and to request information regarding the Industrial and National Hospital Associations whether or not they contemplate increasing the rates of their contracts when and how much. Motion unanimously carried.

A motion was made by Dr. Dix and seconded by Dr. Barkwill that the Coos Bay Hospital Association sign contracts with employers only with payroll deductions for Hospital Association dues. Motion unanimously carried.

A motion was made by Dr. Barkwill and seconded by Dr. Dix that the Coos Bay Hospital Association will not accept any of the job coverage written by the National Life Insurance Co. Motion unanimously carried.

No other business to be brought before this meeting it was adjourned.

(Signed) Bernard Barkwill
Bernard Barkwill, Secretary

Attest: Leslie G. Johnson
Leslie G. Johnson, President

Plaintiff's Exhibit 1586

7923 MEETING: July 21, 1941 Board of Directors
Coos Bay Hospital Association 7:30 P.M.
Office Dr. L. Johnson, Hall Building
Marshfield, Oregon

Before the meeting was called to order by the president, representatives from the different Doctor offices in the Coos Bay Area were present to discuss the different rates effecting the Coos Bay Hospital Associati . The discussion was such that every Doctor has a clear understanding of those rates to be charged in as far as the Association is concerned.

Meeting called to order by the President, Doctor Leslie Johnson. Members present, Bernard Barkwill, Geo. E. Dix, Donald M. Long, and Ennis Keizer. Also attending this meeting were Doctors Crowell and McKeown.

The managers Financial report for the month of June and the office report were accepted as read.

Dr. Leslie Johnson made a motion seconded by Dr. E. Keizer, that the Association manager's salary be increased $25.00 effective August 1, 1941. Motion unanimously carried.

A motion was made by Dr. Barkwill and seconded by Dr. E. Keizer that for the coming year the Association write only one contract, namely the $2.00 contract, and incorporate in said contract a clause giving the Association the priviledge of increasing the rate of contract when the Association deems it necessary and also a 30 day continuous cancilation clause. Motion unanimously carried.

Unanimously agreed that bills from outside Hospitals and Doctors in the case of Walter Brandon be paid at the Oregon State Medical Society rates.

Unanimously agreed that the fee for circumsision shall be $10.00

A motion was made by Doctor Dix and seconded by Doctor Barkwill instructing the Association manager to notify Harriet Toles that her contract with the Association will be cancelled as of August 1, 1941. Also, any lab. work done by Toles for Association patients for Dr. members service to be paid Toles at the Lab. rate set by the Assn. Ticket showing work done and amount must accompany Doctor's monthly list. Motion unanimously carried.

It was unanimously agreed that the Association will now take contracts with employers having 5 employees. Contract to be written with employers having five employees must have the approval of the Board of Directors.

A motion was made by Dr. Keizer and seconded by Dr. Dix that the Assn. will pass up this quarterly payment to the Oregon State Medical Society. The manager to write an explanatory letter Oregon State Medical Society explaining why. Motion unanimously carried.

No other business the meeting was adjourned.

(Signed) BERNARD BARKWILL
Bernard Barkwill, Secretary

Attest: LESLIE G. JOHNSON
Leslie G. Johnson, President

Plaintiff's Exhibit 1587

7924 Coos Bay Hospital Association Annual Meeting was held January 17, 1942 at the Chandler Hotel, at 6:30 P.M. Members present were:

Dr. Leslie Johnson, President	Dr. John Seeley
Dr. Ray McKeown	Dr. George Dix
Dr. Al French	Dr. Eastland
Dr. Don Long	Dr. Fields
Dr. E. Keizer	Dr. Horsfall
Dr. J. Keizer	Dr. B. Barkwill
	Dr. Mel Johnson

Minutes of the previous meeting were read and approved. Dr. Leslie Johnson, the President, spoke on a summary of the year 1941.

A. Fifteen new contracts in force.

B. The total amount of business for the year 1941 was $89,000.

C. The President thanked Dr. Fields and Eastland for the cooperation in handling the C.B.H.A. work at Reedsport and Gardiner.

D. Coos Bay Logging Company is now the only large business contract that we do not have.

E. Mr. Dale Lillebo's work for the year was given its due amount of appreciation.

Dale Lillebo, the Business Manager, spoke. He gave us a summary of the year 1941. He made a comparison of the amount of business in 1940 with the business of 1941. A copy of the financial statement was given to each Doctor

member. Percentage of overhead was compared with the two years—1940-1941.

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7925 * * * * *

We then proceeded with the election of officers. Dr. Dix nominated Dr. Leslie Johnson for President. Dr. French nominated Dr. B. Barkwill for Secretary-Treasurer. Dr. Ennis Keizer was nominated for a Director by Dr. John Keizer. Dr. Dix was nominated by Dr. Long. Dr. McKeown was nominated by Dr. Seeley. It was moved by Dr. Fields that the nominations by closed and that the rules be suspended, and that a unanimous ballot be cast for the above doctors. It was voted upon and approved.

* * * * *

(Signed) BERNARD BARKWILL
Bernard Barkwill, Secretary

Attest: LESLIE G. JOHNSON
Leslie G. Johnson, President

Dr. Leslie Johnson, President
Dr. Bernard Barkwill, Sec. Treas.
Directors: Drs. Ennis Keizer, George Dix, Ray McKeown.

Plaintiff's Exhibit 1588

7926 MEETING: January 26, 1942 Board of Directors
COOS BAY HOSPITAL ASSOCIATION 8:00 P.M.
Office Dr. L. G. Johnson, Hall Building
Marshfield, Oregon

Meeting was called to order by the President, Dr. Leslie G. Johnson. Members present; Drs. Dix, Barkwill, McKeown and E. Keizer.

The minutes of the last meeting were read and approved.

The managers financial report was accepted as read.

A letter from the Oregon State Medical Society pertaining to contribution to that Society for the last three quarters of the year 1941 was read. Discussion by all members in regards to the amount that should be paid, and the valueableness of the Oregon State Medical Society to this Association. Dr. Barkwill moved that this Association pay the Oregon State Medical Society $70.88, and to request that the Oregon State Medical Society furnish this office or

the office of the Coos Bay Hospital Association a complete report on the contributions of the other affiliated bureaus, and to explain in detail how this Association arrived at the figure so stated and the reason it was so paid. The motion was seconded by Dr. Dix and was unanimously carried.

Discussion of the Coos Bay Logging Co. contract which at present is covered by the Industrial Hospital Association was carried on by all members present. Suggestions as to how the Coos Bay Hospital Association could bring this account under this Association's contract were offered by all members, some of said suggestions to be discussed at the meeting of the executives of the affiliated bureaus to be held in the very near future. The subject was then dropped for further thought to be reopened at a later meeting of the Board of Directors.

A motion was made by Dr. Barkwill that a three month temporary lay-off clause be incorporated in all new and renewal contracts of the Coos Bay Hospital Association. Dr. McKeown seconded the motion and it was unanimously carried.

The manager was instructed to incorporate in the minutes of the last annual meeting that the total cost of the Coos Bay Hospital Association for the year 1941 was .28 minus per cent and the net to the Drs. .72 per cent.

Dr. Ennis Keizer agreed to pay $150.00 to the Coos Bay Hospital Association for the purchase of the portable X-ray unit owned by the C.B.H.A. and to assume the cost of the repair bill on said machine.

The manager was instructed to make a complete check-up on all equipment owned by the Association, the where abouts of same and condition.

No other business the meeting was adjourned.

(Signed)
Bernard Barkwill, Secretary

Attest: Leslie G. Johnson
Leslie G. Johnson, President

Plaintiff's Exhibit 1589

7927 MEETING: March 23, 1942 Board of Directors
Coos Bay Hospital Association 8:00 P.M.
Office Dr. L. G. Johnson, Hall Building
Marshfield, Oregon

Meeting was called to order by the President, Dr. L. G. Johnson. Members present; Drs. Dix, Barkwill, McKeown and E. Keizer.

The minutes of the last meeting were read and approved.

The managers financial report and office report were accepted as read.

Letters from the Oregon State Medical Society, Bureau of Medical Economics pertaining to balance of the Coos Bay Hospital Association contribution for the year 1941 owed and that percent the gross income of the Coos Bay Hospital Association for the year 1941 will be taxed to be paid during the year 1942. The following motion was made by Dr. Dix, seconded by Dr. Ennis Keizer—In as much as the Coos Bay Hospital Association has never acknowledged or consented to the right or power of the Economic Council of the Oregon State Medical Society to tax or assess any part of its assets—gross or net—but has made voluntary contribution to the Economic Council commensurate with service it thought the association had received through the Council's efforts; In as much as the Economic Council has made no detailed account to the Coos Bay Hospital Association of how the moneys received have been disbursed during the past year, I move that the Coos Bay Hospital Association go on record, and notifying the Economic Council of the Oregon State Medical Society, that this policy of denial of the powers of this council to asess or tax the Coos Bay Hospital Association assets not only for the present, but for the future is in effect so that relationship between these two organizations may be fully understood. And, also, that the Coos Bay Hospital Association will continue to make voluntary contributions to the Economic Council at its discretion. Motion unanimously carried.

Case: Willard Kelsey, referred back to Dr. Crowell for payment.

Case: Della Darbyshire, refuse payment time limit expired.

No other business the meeting was adjourned at 9:00 P.M.

(Signed)
Bernard Barkwill, Secretary

Attest: LESLIE G. JOHNSON
Leslie G. Johnson, President

Plaintiff's Exhibit 1590

7928 MEETING: April 20, 1942 Board of Directors
COOS BAY HOSPITAL ASSOCIATION 8:00 P.M.
Office Dr. L. G. Johnson, Hall Building
Marshfield, Oregon

Meeting called to order by the President, Dr. L. G. Johnson. Members present: Drs. Dix, Barkwill, Keizer and McKeown.

Two visitors were present: Mr. John Caughell of the Bureau of Medical Economics and Mr. Willard Marshall of the Physician & Surgeon Service Bureau representing the Oregon Physician Service.

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Mr. John Caughell was introduced to the Board Members. Mr. Caughell gave a complete report on the Bureau of Medical Economics, how it was organized, its purpose, and functions, the reasons why contributions from the affiliated bureaus are requested and the probability of dissolving completely this particular organization. Mr. Caughell answered questions asked by the Board members pertaining to the Bureau of Medical Economics and upon completion of his report the Board members understood better the idea of the Bureau of Medical Economics.

Mr. Willard Marshall was introduced to the Board Members—Mr. Marshall outlined in detail the organization, the purpose, and the expectations of the Oregon Physicians Service. He explained briefly the main purpose of the O.P.S., what contracts it will take, where it will operate, and the future outlook of this newly organized bureau. Printed information was left at the Association office for any interested member of the Coos Bay Hospital Ass'n.

Both Mr. Caughell and Mr. Marshall were thanked for their appearance and a cordial invitation to visit the C.B.H.A. any time was voiced by all Board Members.

No other business the meeting was adjourned at 10:45 P.M.

(Signed)
Bernard Barkwill, Secretary

Attest: LESLIE G. JOHNSON
L. G. JOHNSON, President

Plaintiff's Exhibit 1591

7929 MEETING: March 22, 1943 Board of Directors
COOS BAY HOSPITAL ASSOCIATION 8:00 P.M.
Office Dr. L. G. Johnson, Hall Building
Marshfield, Oregon

The meeting was called to order by the President, Dr. L. G. Johnson. Members present—Dr. L. G. Johnson, Dr. Geo. Dix, Dr. R. M. McKeown and Dr. H. C. Eastland.

The minutes of the previous meeting were read and approved.

The financial report for the month of February was read and accepted. The manager reported on his meeting with the union of the Camp Creek Timber Co. and the results of same. The manager also gave a report on the meeting he attended at Salem March 12, 1943 with the managers of all affiliated bureaus throughout the State. He pointed out that all outside physicians rendering service to subscribers of the C.B.H.A. would be paid in accordance with that fee schedule of the Bureau of Medical Economics and not that fee schedule of the O.P.S. It was also pointed out that local Drs. rendering service to outside Bureau subscribers should bill that bureau in accordance with the Bureau of Medical Economics fee schedule excepting those subscribers to the O.P.S. and to bill the O.P.S. for any professional service rendered an O.P.S. subscriber at that fee stipulated in the fee schedule of the O.P.S. The manager also reported that the Bureau of Medical Economics was supposedly no more and the moneys the C.B.H.A. contributed to the Bureau of Medical Economics along with the other affiliated bureaus had not been all used up and a per cent of same would be reimbursed accordingly. The C.B.H.A. contributed $160.12 to the Bureau of Medical Economics and the amount payable in distribution would be $32.80. Discussion of the O. P. S. fee schedule was carried on by all Dr. members present but as to why O.P.S. was submitting such a high fee schedule could not be definitely determined.

Dr. McKeown who plans to attend the next State Medical Society meeting will endeavor to find out.

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Dr. Leslie G. Johnson opened discussion on the Coquille territory and the possibility of the Coquille Medical Bureau becoming a part of the C.B.H.A. in that there was some thought that possibly O.P.S. might eventually take that Bureau over. Dr. Johnson was of the opinion that the Coquille Drs. Should not become members of this Association, but the C.B.H.A. to operate and manage their Bureau for them for a year and they to pay the C.B.H.A. a percent of their earnings for this service in order to get an expense table. Dr. McKeown stated that he had recently
7930 talked with Dr. Stark of the Coquille Bureau, and Dr. Stark felt as though the Coquille Bureau was going to change possibly to the O.P.S. unless some other group comes in. He went on to say that the Coquille situation did not seem to good and Dr. McKeown thought it advisable for the manager of the C.B.H.A. to meet with the Coquille Drs. and find out their feelings on this matter. Dr. Johnson suggested that the C.B.H.A. manager see the individual Drs. in Coquille and more or less feel them out. Dr. Eastland was of the opinion that the Coquille territory was similiar to that of the Reedsport area and should be part of the C.B.H.A. He suggested that the C.B.H.A. manager see the Coquille Drs. and ask them if they would want to come in as part of the C.B.H.A. and the manager to submit a report as to his findings. Dr. Dix felt that if the Coquille Drs. were in favor of letting this Association manage their bureau the Coquille Drs. should be taken in as members of this Association. By so doing this they would have a voice in the conduction and operation of the Association. Dr. Dix also suggested that when the manager talked with the Coquille Drs. he show all incomes of this Association and be opened handed in all discussions. Dr. Dix also pointed out that by consolidating Coquille with the C.B.H.A. it would bring about a better unity amongst the Drs. of the County. Dr. Dix further suggested that if it was more to the satisfaction of the Coquille Drs., their accounts could be kept separate, their bills paid separately, and any fees held in reserve could be paid separately from that of the C.B.H.A. Dr. McKeown felt that if Coquille were to change they would change to that group making the best offer whether it be O.P.S. or the C.B.H.A. Dr. McKeown was in favor of Dr. Dix's suggestion of County unity in that this

alone could keep O.P.S. from getting any foothold in this territory. It was generally felt that the C.B.H.A. manager contact the Coquille Drs. about the possibility of making a change and to give a report of his findings at the next Board of Directors meeting. It was also suggested that there being a County Medical Society meeting during the month of April it might be possible for the Coquille Drs. to meet with the C.B.H.A. Directors for discussion of a possible consolidation before attending the County meeting. Arrangement regarding the suggestion of the meeting was advised.

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Signed L

Bernard Barkwill, Secretary

Attest: (Signed) LESLIE G. JOHNSON
Leslie G. Johnson, President

Plaintiff's Exhibit 1592

7931 MEETING: June 21, 1943 Board of Directors
COOS BAY HOSPITAL ASSOCIATION 8:00 P.M.
Office Dr. L. G. Johnson, Hall Building
Marshfield, Oregon

The meeting was called to order by the President, Dr. L. G. Johnson. Members present: Dr. Geo. Dix, Dr. B. Barkwill, and Dr. McKeown.

The minutes of the previous meeting were read and approved.

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The manager reported the receiving of an invitation to attend a meeting of the executives of the State Affiliated Bureaus in Portland June 25. The Board of Directors authorized the manager to attend this meeting.

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Signed ~~Leslie~~
Bernard Barkwill, Sec.

Attest (Signed) LESLIE G. JOHNSON
Leslie G. Johnson, Pres.

Plaintiff's Exhibit 1593

7932 MEETING: September 27, 1943 Board of Director
Coos Bay Hospital Association 8:00 P.M.
Office Dr. L. G. Johnson
Hall Building, Marshfield, Oregon

The meeting was called to order by the President Dr. Leslie G. Johnson. Board members present were: Drs. McKeown, Dix, Barkwill, and Eastland.

The minutes of the last meeting were read and approved.

The financial statement for the month of August was accepted as read.

The manager read a financial experience report for on the job coverage on that account of Irwin and Lyons for the months of July and August. The report was accepted as read. A report from the State Insurance Commission Office relating to a recent examination and audit of the Association records and conduction of its business was offered to be read by the manager. The members present elected to read the report individually.

The president disclosed that the distribution of the accumalated fees had never been entered into the minutes of the meetings of the Stockholders. The president also revealed that no authorization for such distribution had ever been recorded. He asked for a motion for authorizing the distribution of the accumalated fees on a quarterly basis. Dr. Dix made a motion seconded by Dr. Eastland that the Board of Directors authorize the prorating of accumalated fees to the Dr. members of the Coos Bay Hospital Association on a quarterly basis. The motion was unanimously carried.

Dr. Barkwill made the motion seconded by Dr. McKeown that the Coos Bay Hospital Association purchase $600.00 in bonds for the purpose of bringing up the Assets of the Association to equal the $5600.00 the amount of capital stock issued. The motion was unanimously carried.

Dr. Eastland with the approval of the Board members instructed the manager to pick up all renewal professional liability policies of the Dr. members of the Association. The manager was also instructed to write Mr. Clyde Foley, Secretary of the Oregon State Medical Society, for the dates professional liability policies of the C.B.H.A. Doctors fall due. The manager was requested to give a complete report at the next meeting on the liability insurance the Association carried.

Dr Johnson brought up for discussion the proposal of Dr. Barkwill's that the minutes of the Board meetings not be sent to Dr. members of the Association because of the extra clerical work. No discussion was forthcoming as Dr. Barkwill wished his proposal withdrawn.

No other the business the meeting adjourned at 9:10 P.M.

Signed .....
Bernard Barkwill, Sec. & Treas.

Attest (Signed) LESLIE G. JOHNSON
Leslie G. Johnson, President

Plaintiff's Exhibit 1594

7933 MEETING: May 22, 1944 Board of Directors
COOS BAY HOSPITAL ASSOCIATION 8:00 P.M.
Office Coos Bay Hospital Association
Hall Building, Marshfield, Oregon

The meeting was called to order by the President Dr. Geo. E. Dix. Members present were Drs. R. M. McKeown, D. M. Long, and M. E. Johnson. Dr. Leslie G. Johnson was absent.

The minutes of the previous meeting were read and approved.

The financial statement for the month of April was accepted as read.

The experience rating report for the month of April for on the job coverage of the Irwin & Lyons account was accepted as read.

Under the heading of communications a brief note from Dr. A. B. Peacock pertaining to his stock purchase was read.

Under old business the manager reported contacting Clyde Foley, Sec. to the Oregon State Medical Society, regarding mal practice insurance for Chiropracters. Mr. Foley informed the manager that some Chiropracters in this state have mal practice insurance written by Lloyds of London. It was also revealed that not all practicing Chiropractors in this state carried this insurance in that it is not required. The manager also revealed that those union representatives who previously requested a meeting with the C.B.H.A. Board of Directors were still desirous to meet to discuss the inclusion of Chiropractor services into the present agreement. The Mgr. made known what he had

stated to the union representatives and from his statements the board felt there was no need for any special meeting.

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Signed D. M. LONG
D. M. Long, Secretary.

Attest .....
Geo. E. Dix, President

Plaintiff's Exhibit 1595

7934. MEETING August 21, 1944 Board of Directors Coos Bay Hospital Association 8:00 P.M. Office Coos Bay Hospital Association Hall Building Marshfield, Oregon

The meeting was called to order by the President Dr. Geo E. Dix. Board members present were Dr. R. M. McKeown, Dr. M. E. Johnson, and Dr. L. M. Long.

Dr. L. G. Johnson was absent.

The minutes of the meeting for June were accepted as read. There was no Board of Directors meeting in July due to Drs. Dix and McKeown and L. G. Johnson being out of town and Dr. M. E. Johnson being on duty at the hospital.

The financial statements for the months of June and July were accepted as read. Dr. Long made a brief report on the hospital admittance notifications that are now being sent to each Dr. hospitalizing C.B.H.A. subscribers. Dr. Long stated that there had been a marked improvement in the controlling of the days patients are allowed to remain hospitalized and that all Drs. are being very cooperative.

Under office reports the manager announced that the bulk of the contracts have now signed the modification to the special full coverage agreement increasing subscriber dues to $2.25. It was also announced that a contract with the Chambers Plumbing was signed as of August 1, 1944. The manager gave a report on acquiring larger office space for the C.B.H.A. and the hiring of additional office help. It was brought out that the available office space in the Hall Building was not adequate or satisfactory and that additional office help would not be hired until the office of the C.B.H.A. was moved. Further to equip larger office space would entail too great of an expense for the office space that was at present available. It was suggested that office space above the Coos Bay National Bank could be obtained and the manager was to investigate same.

Letter from Mr. Clyde Foley, executive secretary to the Oregon State Medical Society, explaining what the hospitals were required to furnish for ward and private accomodations was read. Prior to June 15, 1944 the per diem hospital rates for ward and private room accommodations included only board, room and general nursing. On July 1, 1944 the Portland Council of Hospitals increased the ward and private room rates $1.00 to include the provision of all dressings and drugs, except plasma, intravenous glucose, intravenous biologicals, oxygen therapy and penicillin.

A bill in the amount of $487.75 for outside professional services rendered was submitted to the office of the C.B.H.A. by Mr. Eric Ericksen for consideration and possible reimbursement. No authorization was granted Mr. Ericksen to seek outside professional service excepting that as stated by Mr. Ericksen he became acutely ill in the train going to Portland which necessitated doctors attention when he arrived in Portland. There was a lengthy discussion by all board members present regarding possible payment of the statement submitted and was finally agreed that payment be held up for further investigation.

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Plaintiff's Exhibit 1596

7936 MEETING of Board of Directors
Coos Bay Hospital Association
February 25, 1946—8:00 P.M.
Coos Bay, Oregon

The meeting was called to order by the President Doctor D. M. Long. Doctor members present were H. H. Thomas, L. B. Gould, E. F. Lucas and John Keizer

The minutes of the previous meeting were read and approved.

The financial report for the month of January was accepted as read.

Under office Reports the manager announced the signing of contracts with the Coos Bay Crab Company, West Home and Auto Supply. After a favorable investigation the manager asked the Boards approval to sign contracts with the Farm, Industrial and Equipment Company and the Cooston Lumber Company. Doctor Thomas moved that the Association sign contracts with the accounts favorably in-

vestigated by the manager. Dr. L. B. Gould seconded the motion and it was unanimously carried. The manager brought up for discussion the unsatisfactory conditions encountered when assuming both on and off the job coverage for small groups whose employers were connected with the Northern Life Insurance Company. Dr. Thomas expressed his views as to the trouble involved through the Northern Life Insurance Company and moved that the C. B. H. A. do not enter into any contract for on the job coverage with any employer having Northern Life Insurance. The motion was seconded by Doctor Gould and was unanimously carried. Doctor John Keizer presented two clippings from the Oregonian and Oregon Journal newspapers relative to the O.P.S. issuing a Family Coverage medical plan as of March 1, 1946. All doctors present were of the opinion that the C.B.H.A. would be forced to enter into a like and similar plan, and felt that plans for same should be instigated as quickly as possible, but not until more definite statistics could be acquired in order to establish dues payable and a definite contract.

Under communications the manager read a letter from Doctor Eastland who requested to sell his stock back to the Association. Doctor John Keizer moved that the Association buy back Doctor Eastland's stock. Doctor L. B. Gould seconded the motion and it was unanimously carried. The manager requested to know what the pleasure of the Directors was as to the purchase of Doctor Eastland's stock. Doctor John Keizer made a motion that the Association purchase back the stock in full. Doctor H. H. Thomas seconded the motion and it was carried unanimously.

Under unpaid bills the manager presented a statement in the amount of $582.75 for professional services rendered a Mr. Frank A. Cox. The manager's investigation showed that the patient had never been treated for the ailment the statements rendered were for and at the time the patient was confined he was not a subscriber having not paid dues for four months. Doctor Lucas, the patient's attending physician, was called on to give his explanation of the case and his treatments rendered. Doctor Lucas gave the following report—"In February 1945 Mr.
7937 Cox, a truck driver for the Moore Mill and Lumber Company, came to the office complaining of fainting spells having blacked out while operating his truck. Being an elderly man it was believed that patient had had a heart attack. The patient was questioned as to the possibility of carbon monoxide which he, the patient, did not think so.

He gave no other complaint. The patient's heart was examined and no decompensation was found. Further examination revealed that the patient was anemic and medicine was prescribed to which the patient readily responded. The patient received treatment for anemia during the months of March, April and May 1945. In July of 1945 returning home after attending a C.B.H.A. meeting a hurry up call to the home of Mr. Cox was received. Examination revealed the patient was suffering from a possible cardiac-asthma condition. The patient had previously gone to Portland and had seen his daughter's attending physician but the examination revealed nothing. In November of 1945 Mr. Cox came to the office complaining of constipation. Patient was taken to the Mast Hospital and Dr. Thomas was called in on consultation and it was decided the patient be sent to Portland which was done. The findings of the Doctors in Portland was Ca. from which the patient shortly thereafter expired." End of report. Considerable discussion was carried on as to whether the Association was responsible for payment of statements rendered. Because the patient had not paid dues and that the case could not be considered continued because no previous treatment for Ca. had been rendered it was the opinion of the Board members that the Association was not responsible for payment for services rendered. Doctor John Keizer moved that the statements in the case of Mr. Frank Cox not be paid by the C.B.H.A. The motion was seconded by Doctor L. B. Gould and was carried.

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Signed .....
Secretary-Treasurer

Attest (Signed) L. B. GOULD
President

Plaintiff's Exhibit 1597

7938

Board of Directors Meeting
Coos Bay Hospital Association
Thursday April 17, 1947
Coos Bay, Oregon.

The meeting was called to order by the President, Dr. Bernard Barkwill. Board members present were Drs. Kennedy, Sorum and McKeown. Dr. John Keizer's absence was noted.

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